

Exhibit No.:
Issues: KCP&L Weatherization Program
Design and Operation
Witness: Adam Bickford
Sponsoring Party: Missouri Department of Natural
Resources – Division of Energy
Type of Exhibit: Direct Testimony
File No.: ER-2012-0174

REBUTTAL TESTIMONY
OF
ADAM BICKFORD
MISSOURI DEPARTMENT OF NATURAL RESOURCES
DIVISION OF ENERGY

September 5, 2012

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

KANSAS CITY POWER AND LIGHT

FILE NO. ER-2012-0174

**BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI**

In the Matter of Kansas City Power & Light)
Company's Request for Authority to Implement)
a General Rate Increase for Electric Service)

File No. ER-2012-0174

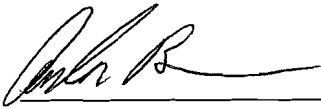
AFFIDAVIT OF ADAM BICKFORD

STATE OF MISSOURI)
)
COUNTY OF COLE)

SS

Adam Bickford, of lawful age, being duly sworn on his oath, deposes and states:

1. My name is Adam Bickford. I work in the City of Jefferson, Missouri, and I am employed by the Missouri Department of Natural Resources' Division of Energy as a Planner III.
2. Attached hereto and made a part hereof for all purposes is my Rebuttal Testimony on behalf of the Missouri Department of Natural Resources' Division of Energy, consisting of 5 pages of testimony, all of which have been prepared in written form for introduction into evidence in the above-referenced docket.
3. I hereby swear and affirm that my answers contained in the attached testimony to the questions therein propounded are true and correct to the best of my knowledge.



Adam Bickford

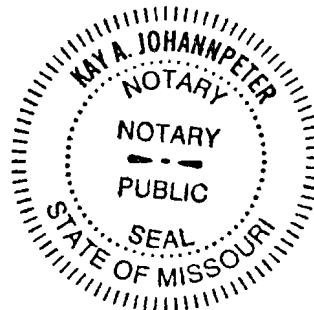
Subscribed and sworn to before me this 5th day of September, 2012.



Notary Public

My commission expires:

KAY A. JOHANNPETER
Notary Public - Notary Seal
STATE OF MISSOURI
Cole County
My Commission Expires: Aug. 4, 2015
Commission # 11551967



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I. Introduction

1
2 **Q. Please state your name and business address.**

3 A. My name is Adam Bickford. My business address is Missouri Department of
4 Natural Resources, Division of Energy, 1101 Riverside Drive, P.O. Box 176,
5 Jefferson City, Missouri 65102-0176.

6 **Q. Are you the same Adam Bickford that submitted direct testimony in this case**
7 **on August 9, 2012?**

8 A. Yes, I am.

9 **Q. What is the purpose of your rebuttal testimony?**

10 A. I wish to respond to the direct testimony of Dr. Henry Warren of the Missouri PSC
11 Staff and Mr. Douglas L. Bossert of the Kansas City Neighborhoods and Housing
12 Services Department on the design and operation of Kansas City Power and Light's
13 (KCPL) Low Income weatherization program (weatherization).

14 II. Response to Dr. Henry Warren's Testimony

15 **Q. What response do you have to Dr. Warren's testimony?**

16 A. In his direct testimony in this case, Dr. Warren, while recommending that the current
17 level of funding for the KCPL weatherization program be continued, asked the
18 Commission to order four changes in KCPL's weatherization program:

- 19 1. "Staff also recommends that the Commission order that KCPL carry over the
20 unused funds from 2010, 2011, 2012, and all subsequent years,"
21 2. "that such funds be made available solely for the KCPL Weatherization
22 Agencies for low income weatherization funding"; and
23 3. "that KCPL change its method of distributing the funds to the Weatherization
24 Agencies" from monthly to semi-annually.

1 4. “Staff recommends that the Commission order KCPL to provide monthly reports
2 to the DSMAG on low income weatherization funding and expenditures and
3 submit the reports as non case related submissions in EFIS.”¹

4 MDNR generally supports these recommendations. With respect to Dr.
5 Warren’s description of the unspent balances in KCPL’s weatherization account,
6 there is some uncertainty about how these funds are currently collected and/or
7 accounted for. In the “Conclusions of Law –Low Income Weatherization” section of
8 the Commission’s Report and Order in File No. ER-2010-0355, the Commission
9 stated that “The Commission has required spending by other utilities when the
10 amount is recovered in rates as an expense.”² The order in this case includes the
11 following language, which appeared to provide for weatherization funds to be
12 expensed:

13 The Companies argue that the Commission cannot order spending without a cost recovery
14 mechanism. KCPL and GMO suggest it would be unlawful for the Commission to mandate
15 specific funding for low income weatherization without a mechanism for the Companies to
16 recover mandated expenditures. However, Staff’s recommendations stem from programs
17 and policies that KCPL and GMO previously set in place. *In addition, the Commission has*
18 *required spending by other utilities when the amount is included in the case as an expense*
19 *as it will be in this instance. (Emphasis added)*³

20 Despite this language, it is my understanding that weatherization funds have
21 been not been expensed and are not currently collected in base rates from rate
22 payers. Also in ER-2010-0355, the Commission continued KCPL’s DSM programs,
23 which were agreed to as part of its 2005 regulatory plan, “through the next rate
24 case or until a program is implemented under the MEEIA rules.”⁴ Apparently, the
25 actual amount spent on weatherization by KCPL has been posted to the DSM

¹ Staff Cost of Service Report, ER-2012-0174, p. 175.

² Report and Order, File No. ER-2010-0353. p. 178, paragraph 53.

³ Ibid, p. 180.

⁴ Ibid, p. 91. Additionally, the Commission ordered that the term of the regulatory asset account be changed to 6 years for “future” DSM program investments. Ibid, p 93.

1 regulatory asset account maintained by KCPL. Regardless, it does not appear that
2 KCPL has supported weatherization at the level ordered by the Commission.

3 With respect to the unspent balances of the weatherization program, it
4 appears these funds are intended to be made available to the weatherization
5 agencies. The Low Income Weatherization program tariff sheet, effective October
6 11, 2009⁵, contains the following language:

7 PROGRAM FUNDING:

8 To the extent the funds set forth in Appendix C for the Low-Income Weatherization
9 Program exceeds the total cost expended on the Program, the amount of excess shall
10 be "rolled over" to be utilized for the weatherization Program in the succeeding year.

11 After five years from the effective date of the Low-Income Weatherization Program, if
12 there is excess funding the amount shall be available for other Affordability programs.⁶

13 This suggests that differences between the budgeted amount and the expenditures
14 should be made available to agencies in the following program year. As mentioned
15 in my previous direct testimony and in Dr. Warren's direct testimony, KCPL stopped
16 carrying over these funds, i.e., stopped making the additional funds available to
17 weatherization agencies, in 2011.

18 KCPL did not file a revised Low-Income Weatherization tariff in the proposed
19 tariff sheets filed in File No. ER-2012-0174. Therefore, the terms regarding roll-
20 over are still in place and should be followed consistently by KCPL.

21 MDNR recommends that the Commission clearly provide for low income
22 weatherization funding to be included in the rates set in this rate case as an
23 expense, and order KCPL to comply with its own tariff regarding carry-over of
24 unspent weatherization funds. Our position is to support the weatherization
25 agencies by assuring that the level of weatherization funds approved by the

⁵ File No. JE-2009-0705, Sheet 43I.

⁶ Ibid.

1 Commission be allocated to or made available to the agencies, that these funds are
2 used to provide weatherization services to Company's eligible customers, and that
3 funds are disbursed in a manner that provides adequate cash flow, with appropriate
4 accountability safeguards, for the weatherization agencies to effectively provide
5 weatherization services.

6 **Q. Does your support for Dr. Warren's recommendations represent a change**
7 **from your previous testimony concerning KCPL's weatherization program?**

8 A. No. In my direct testimony, I did not present a position on KCPL's discontinuance
9 of carrying over weatherization funds. Under optimal circumstances, KCPL would
10 routinely distribute all of its weatherization funds to the weatherization agencies
11 serving its customers and all funds would be spent on weatherization activities each
12 year. In other words, there would be no carry over. Regardless, all required funds
13 should be used to support the weatherization of low income customers' houses.
14 Going forward, all weatherization funds should be distributed to the agencies on a
15 regular basis, and when there is carryover, the amount to be distributed in a given
16 year should include any carry over from the prior year. Based on the materials
17 presented above, making the unexpended balance available to the weatherization
18 agencies is part of the tariff authorizing the weatherization program.

19 **III. Response to Mr. Douglas L. Bossert's Testimony**

20 **Q. Please summarize Mr. Douglas L. Bossert's direct testimony.**

21 A. Mr. Bossert described Kansas City's recent experiences with the weatherization
22 program, requested more funds from KCPL to support weatherization services.

23 **Q. How would you characterize Mr. Bossert's testimony?**

1 A. Mr. Bossert's description of the weatherization program after the end of Ameren
2 Recovery and Reconstruction Act (ARRA) funds is accurate. ARRA funds enabled
3 weatherization agencies to substantially increase the number of homes they
4 served, but these funds were insufficient to satisfy the ongoing demand for these
5 services. According to Mr. Bossert, "[T]here is still a waiting list of several hundred
6 low income households which need weatherization services."⁷

7 **Q. What is your response to Mr. Bossert's request for more weatherization
8 funds?**

9 A. Mr. Bossert asks that KCPL increase the allocation to the Kansas City
10 Neighborhoods and Housing Services Department by approximately 50%. MDNR
11 notes that the allocation to agencies is currently made by KCPL and details of the
12 allocation process are not ordered by the Commission. MDNR supports any
13 adequate funding of all weatherization agencies that serve in KCPL's service area,
14 and Mr. Bossert's testimony speaks to the need for KCPL to disburse all of its
15 available weatherization funds and to carry over funds not spent in prior years.
16 Kansas City's identification of significant additional demand for weatherization
17 services is a reason to order KCPL to make the unspent balance from the
18 weatherization program available to the agencies, and to consider whether current
19 levels of spending for weatherization are adequate.

20 **Q. Does this conclude your testimony?**

21 A. Yes. Thank you.

⁷ Direct Testimony of Douglas L. Bossert, ER-2012-0174, p. 3. Also, see Schedule AB-4 from Bickford Direct Testimony, File No. ER-2012-0174. As of August 2, 2012 MDNR listed 130 homes on the City of Kansas City's waiting list.